

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 141198
ORIGIN AF-10

INFO OCT-01 ISO-00 EB-07 TRSE-00 AID-05 /023 R

DRAFTED BY AF/E:RFILLING:JJ
APPROVED BY AF/E:RSPOST
EB/IFD/ODF:JBLANEY
USED:PGONZALEZ (INFO)
-----180137Z 120738 /66
R 171836Z JUN 77
FM SECSTATE WASHDC
TO AMEMBASSY ADDIS ABABA

LIMITED OFFICIAL USE STATE 141198

E.O. 11652: N/A

TAGS: EAID, IBRD, EFIN, ET

SUBJECT: IDA DECISION ON ETHIOPIA

REF: A. STATE 136298; B. ADDIS ABABA 3625

FOLLOWING IS TEXT OF IDA STATEMENT ON DECISION TO WITHDRAW
GRAIN STORAGE AND MARKETING PROJECT LOAN FROM CONSIDERATION
AT JUNE 9 MEETING OF EXECUTIVE DIRECTORS:

"AS YOU WERE INFORMED BY THE SECRETARY'S MEMORANDUM CIRCULATED YESTERDAY, WE HAVE REGRETFULLY DECIDED THAT IT WOULD BE ADVISABLE TO POSTPONE FOR THE TIME BEING CONSIDERATION OF THE PROPOSED GRAIN STORAGE AND MARKETING PROJECT IN ETHIOPIA.

"WE HAVE BECOME INCREASINGLY CONCERNED REGARDING THE PROSPECTS FOR THE CONTINUATION OF THE ORDERLY AND EFFECTIVE ADMINISTRATION OF OUR PROJECTS IN THAT COUNTRY. OUR ACTUAL
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 141198

EXPERIENCE WITH PROJECT EXECUTION HAS BEEN REASSURING, BUT IT IS OBVIOUS THAT THE SITUATION IN THE COUNTRY HAS REQUIRED OUR CONTINUING CAREFUL CONSIDERATION. WE HAVE FELT TORN BETWEEN OUR DESIRE TO PROVIDE EVERY ASSISTANCE WITHIN OUR POWER TO ETHIOPIA IN ITS TIME OF TROUBLES, AND ON THE OTHER HAND OUR SENSE OF RESPONSIBILITY FOR THE PRUDENT ADMINISTRATION OF THE FUNDS ENTRUSTED TO THE ASSOCIATION.

"SINCE WE DISTRIBUTED THE PAPERS ON THE GRAIN STORAGE AND MARKETING PROJECT TO YOU ON MAY 27TH, A NEW ELEMENT HAS BEEN INTRODUCED INTO THE SITUATION, NAMELY, THE DISRUPTION OF RAIL COMMUNICATION BETWEEN ADDIS ABABA AND THE PORT OF DJIBOUTI AS A RESULT OF THE DESTRUCTION OF SEVERAL BRIDGES ON THE FRANCO-ETHIOPIAN RAILWAY BY INSURGENT FORCES. THE REPORTS WHICH WE HAVE SO FAR RECEIVED ARE INCOMPLETE AND IN SOME CASES CONFLICTING AS TO DETAILS, BUT THERE IS NO DOUBT THAT TRAFFIC ON THIS VITAL ROUTE, WHICH IS ETHIOPIA'S ONLY RAILWAY LINK TO THE OUTSIDE WORLD, HAS BEEN INTERRUPTED. THE FRANCO-ETHIOPIAN RAILWAY CARRIES AT LEAST 25 PERCENT OF ETHIOPIA'S TOTAL FOREIGN TRADE. IF THE INTERRUPTION OF THIS TRAFFIC WERE TO CONTINUE FOR A PROLONGED PERIOD OR IF IT WERE SUBJECT TO REPEATED AND FREQUENT INTERRUPTIONS, THIS WOULD CLEARLY HAVE SERIOUS IMPLICATIONS FOR THE ETHIOPIAN ECONOMY AND FOR THE ABILITY OF THE GOVERNMENT TO IMPLEMENT ITS DEVELOPMENT PROGRAMS INCLUDING THOSE PROJECTS FINANCED BY THE WORLD BANK. WE HAVE, THEREFORE, FELT OBLIGED TO POSTPONE PRESENTATION OF THE GRAIN STORAGE AND MARKETING PROJECT UNTIL WE CAN OBTAIN A CLEARER VIEW OF THE EFFECT OF RECENT EVENTS UPON THE PROPOSED PROJECT AND THE GOVERNMENT'S CAPACITY TO CARRY IT OUT EFFECTIVELY.

"WHILE, FOR THE REASONS STATED ABOVE, WE DO NOT FEEL ABLE TO RECOMMEND A NEW COMMITMENT OF IDA RESOURCES ON THIS PROJECT, WE ARE NOT PROPOSING AT THE PRESENT TIME TO TAKE ANY ACTION TO HOLD UP THE PROGRESS OF ON-GOING IDA PRO-LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 141198

JECTS IN ETHIOPIA, INCLUDING TWO MAJOR CREDITS WHICH WERE APPROVED BY YOU RECENTLY, \$24 MILLION FOR THE AMIBARA PROJECT AND \$34 MILLION FOR THE HIGHWAYS PROJECT, IN THE HOPE THAT THESE OPERATIONS MAY CONTINUE TO PROCEED IN AN ORDERLY MANNER." VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: STORAGE, TEXT, DEVELOPMENT LOANS, GRAINS
Control Number: n/a
Copy: SINGLE
Sent Date: 17-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE141198
Document Source: CORE
Document Unique ID: 00
Drafter: RFILLING:JJ
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770217-1085
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770644/aaaabmmo.tel
Line Count: 102
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: fcf0fb7a-c288-dd11-92da-001cc4696bcc
Office: ORIGIN AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 136298, 77 ADDIS ABABA 3625
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2109122
Secure: OPEN
Status: NATIVE
Subject: IDA DECISION ON ETHIOPIA
TAGS: EAID, EFIN, ET, IBRD
To: ADDIS ABABA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/fcf0fb7a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009